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paragraph (e) of this section, may result in termination of the tax deferral privilege.

(2) *Tax deferral legend.* Each bond issued in a tax-deferred exchange bore a legend showing how much of its issue price represented interest on the securities exchanged. This interest must be treated as income for Federal income tax purposes and reported in accordance with paragraph (g)(1) of this section.

(3) *Reporting of interest paid to owner.* To the extent that it represented interest earned on the securities presented for exchange, an amount paid to an owner in accordance with paragraph (d) of this section was reportable as income for Federal income tax purposes for the year in which it was paid. Pursuant to 26 CFR 1.6049.4, a paying agent was required to report interest income of \$10 or more included in any amount paid in an exchange transaction to the payee and to the Internal Revenue Service on Form 1099-INT or an approved substitute. A separate report was permitted to be made for each exchange transaction in which interest in the amount of \$10 or more was paid, or all interest paid in both cash redemption and exchange transactions was permitted to be aggregated and reported annually should the total amount be \$10 or more.

(h) *Exchanges without tax deferral.* The rules prescribed for exchanges under paragraphs (a) through (f) of this section also applied to exchanges by owners who report the interest earned on their bonds of Series E and EE and savings notes annually for Federal income tax purposes, or elect to report all such interest that was not previously reported for the taxable year of the exchange. Series HH bonds issued in a nontax-deferred exchange were required to show a "0" in the tax-deferral legend.

[69 FR 40318, July 2, 2004]

§ 352.8 Reinvestment of matured Series H bonds.

(a) *General.* Prior to the close of business on August 31, 2004, the proceeds of matured Series H and HH bonds, whether purchased for cash or issued in exchange for other securities, were permitted to be reinvested in Series HH

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bonds. Tax deferral granted to interest earned on securities exchanged for Series H bonds was not permitted to be continued when the Series H bonds reached final maturity and their proceeds were reinvested in Series HH bonds. The amount appearing in the legend on a matured Series H bond on which tax deferral was granted must be reported for Federal income tax purposes for the year of such final maturity.

(b) *Rules.* The reinvestment transaction were subject to the rules governing exchanges, as set forth in § 352.7 of this Circular, and the Series HH bonds issued on reinvestment were identical in all respects with those issued in a non-tax-deferred exchange.

[54 FR 40249, Sept. 29, 1989, as amended at 69 FR 40319, July 2, 2004]

§ 352.9 Delivery of bonds.

Authorized issuing agents delivered Series HH bonds by mail at the risk and expense of the United States to the address given by the applicant, if it is within the United States, one of its territories or possessions, or the Commonwealth of Puerto Rico. No mail deliveries elsewhere were made. Bonds acquired by a citizen of the United States residing abroad were delivered only to such address in the United States as the applicant directs.

[54 FR 40249, Sept. 29, 1989, as amended at 69 FR 40319, July 2, 2004]

§ 352.10 Taxation.

The interest paid on Series HH bonds is subject to all taxes imposed under the Internal Revenue Code of 1954, as amended. The bonds are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest by any State or any local taxing authority.

§ 352.11 Reservation as to issue of bonds.

The Commissioner of the Public Debt, as delegate of the Secretary of the Treasury, reserved the right to reject any application for Series HH bonds, in whole or in part, and to refuse to issue or permit to be issued

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any bonds in any case or class of cases, if the action was deemed to be in the public interest. The Commissioner's action in such respect was final.

[54 FR 40249, Sept. 29, 1989, as amended at 69 FR 40319, July 2, 2004]

§ 352.12 Waiver.

The Commissioner of the Public Debt, as delegate of the Secretary of the Treasury, may waive or modify any provision of this Circular in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship if:

(a) Such action would not be inconsistent with law or equity;

(b) It does not impair any existing rights; and

(c) The Commissioner is satisfied that such action would not subject the United States to any substantial expense or liability.

§ 352.13 Fiscal agents.

(a) Federal Reserve Banks and Branches, referred to below, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury, or his or her delegate, in connection with the issue, servicing, and redemption of Series HH bonds.

(b)(1) The following Federal Reserve Offices have been designated to provide savings bond services:

Servicing office	Reserve districts served	Geographic area served
Federal Reserve Bank, Buffalo Branch, P.O. Box 961, Buffalo, NY 14240.	New York, Boston	CT, MA, ME, NH, NJ (northern half), NY (City & State), RI, VT, Puerto Rico and Virgin Islands.
Federal Reserve Bank, Pittsburgh Branch, P.O. Box 867, Pittsburgh, PA 15230.	Cleveland, Philadelphia.	DE, KY (eastern half), NJ (southern half), OH, PA, WV (northern panhandle).
Federal Reserve Bank of Richmond, P.O. Box 27622, Richmond, VA 23261.	Richmond, Atlanta	AL, DC, FL, LA (southern half), MD, MS (southern half), NC, SC, TN (eastern half), VA, WV (except northern panhandle).
Federal Reserve Bank of Minneapolis, 250 Marquette Avenue, Minneapolis, MN 55480.	Minneapolis, Chicago.	IA, IL (northern half), IN (northern half), MN, MT, ND, SD, WI.
Federal Reserve Bank of Kansas City, 925 Grand Avenue, Kansas City, MO 64198.	Dallas, San Francisco, Kansas City, St. Louis.	AK, AR, AZ, CA, CO, HI, ID, IL (southern half), IN (southern half), KS, KY (western half), LA (northern half), MO, MS (northern half), NE, NM, NV, OK, OR, TN (western half), TX, WA, WY, UT and GU.

(2) Until March 1, 1996, other Federal Reserve Offices may continue to provide some savings bond services, but such services will be phased out over the period prior to that date.

[59 FR 10541, Mar. 4, 1994]

§ 352.14 Reservation as to terms of offer.

The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this offering of bonds.

PART 353—REGULATIONS GOVERNING DEFINITIVE UNITED STATES SAVINGS BONDS, SERIES EE AND HH

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